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American Industries and Foreign Trade Following the War

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NO one knows how far reaching will be the political and industrial consequences of the greatest war in all history, but one feels that the industrial conditions of the next few years can be forecasted with more assurance than can changes in the political field. Moreover, it seems easier to make predictions about what will be the industrial situation in the United States than in any other country that was actively engaged in the war. Without undue optimism one may hope that in America, after a short readjustment period, there will be permanent industrial prosperity.

REASSURING FEATURES

Reassuring features of the financial, industrial and commercial outlook in this country are:

1. During the war people acquired habits of more intensive labor and learned lessons of thrift and economy; many who had been extravagant, wasteful spenders freed themselves from debt and accumulated savings; and, where there were probably not over a few hundred thousand bondholders in the country, there are now, it is estimated, twenty-one million owners of Liberty Bonds.

2. The enormous trade balances in favor of this country, the purchase from foreigners of practically all American securities held abroad before the war, and the loan of something like eight billion dollars by our government to the Allies, have converted the United States from a debtor country to a great creditor nation; while immense bank deposits and an unprecedented accumulation of gold here place the United States in the strongest financial position.

3. The tremendous resources of the United States, unimpaired by the war, and the fact that the raw materials needed by the

more important industries are produced here, place this country in the most favorable economic position.

4. Manufacturers and financiers, many of whom were formerly largely indifferent to foreign trade, are determined to hold a large share of the vast trade with other countries which they have recently acquired and which became during the war much larger than the foreign trade that any country had ever enjoyed at any time.

When hostilities ended with the armistice last November, American industries had experienced unexampled prosperity, some for three years and some for four years. The only exceptions were what the government considered "non-essential industries," which had been restricted as to supplies, but these industries, producing luxuries or semi-luxuries, doubtless will participate in the general prosperity that may be expected when economic dislocations caused by the war have been adjusted.

American industries were stimulated by the demands of war to colossal production. The war ended unexpectedly, the demand for war munitions ceased suddenly and many government contracts were cancelled. Some time is necessary for a readjustment from a war to a peace basis. During this interval business will be relaxed. Prices that reached heights far beyond any ever before known will naturally fall, and during a falling market merchants and their customers will be cautious about buying. How long will be the time of transition no one knows, but it would be better for the country that changes be not too abrupt. On account, however, of unprecedented conditions, it may be expected that the time of industrial readjustment will be comparatively short.

History shows that after victorious wars nations have eras of prosperity. Instance the expansion of British industry and foreign trade after the Napoleonic wars. For eight years after our Civil War there was great industrial activity in the United States. Our national wealth amounted to \$514 per capita in 1860 and \$780 in 1870.

The waste places of the earth, devastated by war, must be restored, and the materials for reconstruction, whether raw materials or finished products, must to a large extent be furnished by the United States. Since 1914 the United States has supplied goods to countries all over the globe, and never before were stocks

of merchandise so low as they were when hostilities ceased. Even in the United States economies practised during the war have had the effect of reducing purchases, especially of goods of the more expensive grades. Building operations, except of factories for war munitions, have largely been suspended for two or three years. During the war there was practically no railroad construction in any country, while railroad equipment deteriorated.

Almost from the beginning of the war between the Allies and the Central Powers, and especially during the nineteen months between the declaration of war by the United States and the armistice, American factories were operated at peak-load capacity. Overtime work has stopped and many factories have slowed down, while some have closed down pending a readjustment of labor and market conditions. But the demands of both domestic and foreign trade will soon be so great that there will necessarily be great industrial activity, not so much as during the war, but probably more than during any other period in our history.

The economic position of the United States is dominant. Before the war began in Europe, our manufacturers in some lines had established a large, prosperous and rapidly developing export business. This commerce has grown by leaps and bounds during the war period. With ample capital and abundant raw materials, and with factory organizations adapted for large unit production, there is little reason for doubt that our industries can command hereafter a foreign trade much larger than it was previous to 1914. The dislocation of industry has been less in the United States than in any other belligerent nation, except perhaps Great Britain and Italy, and it is not clear that those countries should be excepted. The Germans, during their occupancy of the industrial sections of France and Belgium, demolished factories and destroyed machinery they did not remove. Neither Italy nor Austria-Hungary has been a competitor of the United States in foreign commerce, except in small lines. Germany has been a strong competitor, but, deprived of valuable coal and iron mines, stripped of colonies, entirely dependent on other countries for raw materials, oppressed with enormous war debts and indemnities, her selling organization and credit system destroyed, Germany's former industrial prosperity and former position in international trade cannot, for many years at least, be regained.

WAGES AND PRICES

The most uncertain problem in the future of industry, in America as well as Europe, is that of labor, and this involves prices. Wages and prices, which are always closely related, rose during the war to figures never before reached or even approached. Undoubtedly these high levels will now be reduced, but therein lies the danger. Labor will resist wage reductions, and the highest officials of union labor have announced that wage reductions will be resisted with all the power of their organizations. Should such reductions be forced by manufacturers, disastrous and widespread strikes might be expected. It is probable, however, that manufacturers generally will be wise enough not to attempt to drive wages downward before there is a fall in the cost of living. This country could ill afford a labor war following an enormously expensive foreign war. Manufacturers should remember that wages are not really the amounts shown on the payrolls, but the purchasing power of these amounts, and should recognize that during an era of high prices labor is entitled to remuneration on a corresponding scale.

It would be better for the country that wage and price readjustments come about gradually. Prices of some commodities, wool and cotton and their textiles, copper and other metals, have already declined from war-time levels. Undoubtedly there will be price reductions in other lines during 1919, the extent of which cannot be estimated but which will be appreciable. As famine conditions prevail in a large part of Europe, food products will doubtless decline in price more slowly than other commodities, but, with average crops in the great food producing countries, the shortage will be relieved throughout the world. Of course average crops, that is, equal to the pre-war average, cannot be expected in Russia, where there is political upheaval, or in the devastated sections of Europe. Uncertainty as to the world's wheat production in 1919 makes uncertain the market price during coming months, although our government has guaranteed \$2.26 a bushel to farmers.

In all countries there was during the war a shortage of labor as well as of food. After the period of transition from a war to a peace basis there probably will be employment for everyone. The demands on industry will be so great that an adjustment to

peace conditions will probably be in full effect by the time demobilization is completed, possibly before, and then there should be employment for all returned soldiers. In the United States the supply of labor will be more or less affected by immigration, but the extent of immigration after the war is a matter of pure guesswork. Unquestionably millions of people in Europe wish to come to America. If only 1 per cent of the populations of nations lately at war should seek asylum here, the number would be between four and five millions. But the recently enacted literacy test excludes many from the United States, many especially from Central and Southern Europe where illiteracy rises to 50, 60 or 70 per cent. Some European countries will probably prohibit emigration, either by direct laws or by making it difficult to secure passports. Then, owing partly to a shortage of ships, emigrant rates will be high and this condition will likely continue for a considerable time. Wages will undoubtedly be higher in all European countries after the war than before it began, and this will have a tendency to hold many to their native soil. Moreover, many aliens now in the United States have always intended to return to Europe. During the four years of war they earned high wages and saved more money than they ever before possessed. Many now will return to their old homes, with the intention of buying farms, for they believe that in many places, especially in Russia, Austria-Hungary and the Balkan States, land can be purchased cheaply as compared with values before the war. The fact that prohibition will permanently prevail in the United States from July 1, 1919, will likely deter some foreigners from coming to our shores, and hasten the return of some aliens to Europe.

During the war the Department of Labor has established nation-wide employment agencies, by which the labor forces can be distributed to the industries and sections where they are most needed. If, perchance, there should be a surplus of labor, it may be employed in building roads, diking rivers or on other public works, or it may be employed in the reclamation of public lands, for which some states have already provided and for which Secretary Lane asks a congressional appropriation. The labor needs of agriculture are urgent, and it would be better for the country if hundreds of thousands, or even millions, of men could be induced to go to work on farms.

OUR TARIFF POLICY

Another uncertain factor affecting industrial reconstruction and export trade is the tariff, and this applies to competing countries as well as to the United States. No one knows what changes will be made in the conventional tariffs that Germany and Austria-Hungary have had, or in the maximum and minimum tariff of France or in the free trade system of Great Britain. The Peace Conference may decide some questions as to the tariff relations between the Allies and the Teutonic Powers, and possibly may impose on the latter economic barriers for a number of years. With a Democratic President and a Republican Congress there likely will be no tariff changes in the United States during the next two years, except perhaps higher duties on particular articles. Meanwhile dumping will be prevented by the anti-dumping provision of the Underwood-Simmons Act.

During the last twenty years legislation has been toward lower tariff rates, as shown by Table I. The average duty computed on the value of imports for consumption was approximately only 6 per cent less on both dutiable imports and total imports during the (nearly) nine months' period from October 4, 1913, when the Underwood-Simmons Act was passed, to the end of the fiscal year, June 30, 1914, a month before the war began in Europe, as compared with imports during the fiscal year ended June 30, 1913, the last full fiscal year under the Payne-Aldrich Act.

It may be taken for granted that the Democratic party, as well as the Republican party, will favor duties sufficiently high to maintain in a prosperous condition the efficient plants in important industries. The maintenance of "key" or "pivotal" industries is favored by both parties as a national policy, as a measure of national independence and security. This is illustrated by the higher duties on aniline dyes, which a Democratic Congress, in 1916, voted to develop and protect as an infant industry. It is illustrated also by a bill to make the new rates more effective, a bill drafted by the Tariff Commission, which commission, established by Congress in 1916, was organized in 1917.

Conditions the world over are now abnormal but the advantage is with America. Taxes in the United States will be high to pay our war debt, but computed on either an ad-valorem basis or a

TABLE I

AVERAGE RATE OF DUTY, COMPUTED ON AN AD-VALOREM BASIS,
COLLECTED ON IMPORTS FOR CONSUMPTION DURING SPECIFIED PERIODS
UNDER TARIFF ACTS OF 1897, 1909 AND 1913*

Fiscal years ended June 30, 1899, 1909, 1911 and 1913	Average rates on	
	Dutiable imports	Total imports
1899, first full fiscal year under Dingley Act	52.07	29.48
1909, last full fiscal year under Dingley Act	43.15	22.99
1911, first full fiscal year under Payne-Aldrich Act	41.22	20.29
1913, last full fiscal year under Payne-Aldrich Act	40.05	17.69
Oct. 4, 1913, to June 30, 1914, Underwood-Simmons Act	33.99	12.30

*"Foreign Commerce and the Tariff, 1899-1915," p. 34. Published as Senate Document No. 366, 1st Session, 64th Congress. Contains many detailed tables relating to the tariff compiled by the writer from reports of the Bureau of the Census and the Bureau of Foreign and Domestic Commerce.

per capita basis, they will be higher in other countries than here. The cost of living here will continue high for an indefinite time but necessities will be equally as high or higher elsewhere. Wages will be high here even after reductions that may be expected. They will not be so high elsewhere, but the proportion of increase in wages above pre-war standards will doubtless be as great in other countries as in our own. Raw materials of most kinds will cost no more, if as much, in the United States than in European countries.

EXPORT TRADE AND PRODUCTION COSTS

Our export trade would, of course, be handicapped by excessively high wages as compared with those in other countries. But before the war our foreign commerce was built up largely in lines of manufacturing in which American manufacturers have shown their superiority over foreign manufacturers, in matters of factory organization, greatest possible use of machinery, subdivision of labor, standardization of products and large output. Such efficiency has to a great extent, frequently altogether, overcome the handicap of higher wages paid by American manufacturers, as compared with wages paid in Europe. It has,

moreover, been demonstrated that well-paid labor is more economical than that which is poorly paid.

Where the product is principally or very largely hand-made, America cannot compete with Europe, because of the higher labor cost here, but there are now few important industries of that kind and every year inventions are introduced that with less labor increase the output. The proportion of labor cost as compared with the total cost of manufactured articles is often much overrated. The Census of Manufactures in 1909 showed that the total value of manufactures was \$20,493,406,235, of which only \$3,427,037,884 was paid to wage-earners; that is, the labor cost was only 16.72 per cent. Of 260 industries (all that are specified by the census, with a group of "all other industries") there were 195 in which the labor cost was less than 25 per cent.* Other elements of cost shown by the census were raw materials, contract work, salaries, rent and taxes. It may be assumed that in all or most of the industries the cost to American manufacturers for raw materials did not exceed the cost to foreign manufacturers.

One thing that American manufacturers need is a cost-finding system. Their balance sheets show whether last year's business has been profitable, but nearly all of the smaller manufacturers, and most of those with medium production, have no method by which they can accurately determine what are the elements of cost or even total costs of particular units or of different grades of a product. This statement may be questioned, but it will be substantiated by any general investigation of factory conditions.

In forecasting the extent of exports of the United States after the war, a glance may be given to statistics of exports before the war began in 1914. The statistics of imports and exports, compiled by the Bureau of Foreign and Domestic Commerce, show commodities in six general classes, as follows:

- A. Crude Materials for Use in Manufacturing.
- B. Foodstuffs in Crude Condition and Food Animals.
- C. Foodstuffs Partly or Wholly Manufactured.
- D. Manufactures for Further Use in Manufacturing.
- E. Manufactures Ready for Consumption.
- F. Miscellaneous.

* "Foreign Commerce and the Tariff, 1899-1915," pp. 67-69.

TABLE II

GENERAL IMPORTS AND DOMESTIC EXPORTS OF MANUFACTURES
READY FOR CONSUMPTION, FISCAL YEAR ENDED JUNE 30, 1914.
COMPARABLE COMMODITIES OF WHICH THERE WAS AN EXCESS OF
IMPORTS*

Classification	Imports	Excess of imports
Fibers, vegetable, and textile grasses, manufactures of.....	\$81,141,028	\$68,565,558
Art works.....	35,010,449	33,595,147
Cotton laces and embroideries.....	33,865,822	33,633,365
Wool, manufactures of:		
Wearing apparel.....	\$2,268,125	\$119,890
Other.....	31,047,370	29,379,167
Total.....	\$33,315,495	\$29,499,057
Silk, manufactures of, exclusive of yarn.....	\$29,702,323	\$27,394,718
Paper, and manufactures of:		
Paper hangings.....	\$933,777	\$480,265
Printing paper for books and newspapers.....	11,075,659	7,285,806
Wrapping paper.....	1,028,500	495,843
Books, music, maps, engravings, etchings, photographs, and other printed matter not elsewhere specified.....	6,644,264	2,995,596
Other.....	7,881,640	1,633,888
Total.....	\$27,563,840	\$6,900,206
Earthen, stone, and china ware.....	\$10,629,178	\$6,275,937
Toys.....	9,084,019	8,274,899
Fertilizers, not elsewhere specified.....	6,199,554	4,838,651
Cotton knit goods, including hosiery.....	5,671,863	3,125,041
Tobacco, cigars, and cheroots.....	5,193,313	5,159,214
Cutlery.....	2,860,519	1,712,524
Cork, manufactures of.....	2,647,838	2,185,639
Gold and silver, manufactures of, including jewelry	2,609,130	1,176,903
Perfumeries, cosmetics, and all toilet preparations	2,309,027	688,155
Wood shingles.....	2,190,170	2,077,707
Brushes, feather dusters, and hair pencils.....	2,180,853	1,730,944
Buttons and parts of.....	2,082,029	1,427,657
Oilcloth and linoleum for floors.....	1,829,596	1,769,193
Aluminum, manufactures of.....	1,441,253	339,333
Glass, cylinder, crown and common window glass, unpolished.....	1,356,218	1,044,879
Oil, animal.....	1,033,851	211,618
Matches, friction and lucifer.....	882,795	805,059
Electric lamps.....	653,765	185,496
Pencils and pencil lead (including slate).....	642,998	109,054
Sponges.....	481,973	308,107
Umbrellas, parasols and sunshades, covered with silk or other material, except paper or lace, and sticks for.....	119,073	89,170
Platinum, vases, retorts, and vessels for chemical use.....	82,000	10,828
Total.....	\$302,779,972	\$243,134,059

* "Foreign Commerce and the Tariff, 1899-1915," pp. 54-55.

TABLE III

GENERAL IMPORTS AND DOMESTIC EXPORTS OF MANUFACTURES
READY FOR CONSUMPTION, FISCAL YEAR ENDED JUNE 30, 1914. COM-
PARABLE COMMODITIES OF WHICH THERE WAS AN EXCESS OF EXPORTS*

Classification	Exports	Excess of exports
Machinery, machines, and parts of	\$115,658,814	\$109,182,746
Automobiles, and parts of	33,198,806	31,766,230
Agricultural implements, and parts of	31,965,789	31,703,728
Cotton cloths	28,844,627	16,998,826
Oil, mineral, naphtha, and all lighter products of distillation	27,352,685	25,951,945
Leather, manufacture of:		
Boots and shoes	\$17,867,234	\$17,460,003
Other	3,030,158	17,839,460
Total	\$20,897,392	\$9,620,543
Structural iron and steel	\$12,533,063	\$12,154,643
India rubber, manufactures of	11,008,493	9,448,681
Rails for railways, steel	10,259,109	9,909,570
Wire, and manufactures of	9,934,614	8,670,552
Photographic goods:		
Cameras	\$664,006	\$416,716
Motion-picture films, not exposed	4,264,722	3,375,162
Motion-picture films, exposed	2,282,924	870,751
Other	2,220,148	2,142,903
Total	\$9,431,800	\$6,805,532
Tobacco, manufactures of:		
Cigarettes	\$4,775,308	\$4,680,700
Other	2,714,503	2,548,695
Total	\$7,489,811	\$2,132,005
Explosives	\$6,272,197	\$5,414,860
Soap	4,939,002	4,118,389
Musical instruments, and parts of	3,358,631	1,281,897
Lead, manufactures of	2,610,207	2,549,358
Phonographs, etc., and materials for	2,512,320	2,360,882
Oil, vegetable, fixed or expressed	2,408,307	2,063,199
Abrasives	2,114,632	2,066,803
Bicycles, tricycles, motorcycles, etc.	1,842,225	1,585,944
Starch	1,825,230	1,416,308
Copper, manufactures of	1,327,037	1,142,365
Straw and palm leaf, manufactures of	799,507	324,752
Asbestos, manufactures of	687,073	295,736
Blackening (including shoe paste and polish and other)	649,395	607,257
Hair, manufacture of	344,756	220,982
Candles	283,018	266,730
Aeroplanes, and parts of	226,149	193,888
Zinc, manufactures of	158,344	107,363
Plates, stereotype and electrotpe	72,752	21,581
Ivory and manufactures of, and scrap	63,180	10,766
Total	\$351,068,965	\$300,394,061

* "Foreign Commerce and the Tariff, 1899-1915," pp. 56-57.

Large importations of materials for use or further use in manufacturing indicate a healthy condition of domestic industry. Tariff differences and discussions center around Class E—manufactures ready for consumption. In the fiscal year ended June 30, 1914, total general imports amounted to \$1,893,925,657, while total domestic exports amounted to \$2,329,684,025, an excess of exports over imports of \$435,758,368. During the same year general imports of Class E amounted to \$449,318,214 and domestic exports of that class to \$724,908,000, an excess of exports of \$275,587,786. Ten years earlier this excess amounted to only \$95,877,128.

Table II is a list of commodities of which the imports exceeded in value the exports. Table III is a list of commodities of which the exports exceeded in value the imports. Some imports and exports, not strictly comparable in their classifications are omitted from both lists. The list of imports includes art works and goods of fine grades made largely by hand; the list of exports includes articles manufactured in factories having quantity production.

GROWTH OF OUR FOREIGN TRADE

There are reasons for believing that Americans generally do not realize the extent and remarkable increase of the foreign trade of the United States, especially exports, during the decade preceding the war. Table IV shows the growth in imports of the four greatest commercial countries from 1902 to 1912, the latter year being the last for which comparative statistics are available. It will be seen that in the increase of imports of manufactured goods, the percentage of the United States was considerably larger than the percentage of the United Kingdom, and considerably less than the percentage of either France or Germany. By Table V, showing the growth of exports from 1902 to 1912, it appears that in increase of exports of manufactured products the percentage of the United States was very much larger than the percentage of any other of the four countries.

The wonderful progress that the United States made in expansion of exports in years preceding the war has been many times accelerated since the war began in 1914. The United States now has an export trade far larger than that of any other nation

TABLE IV

AMOUNT AND PER CENT OF INCREASE OF TOTAL IMPORTS AND IMPORTS OF MANUFACTURED PRODUCTS OF THE UNITED STATES, UNITED KINGDOM, GERMANY, AND FRANCE DURING THE 10-YEAR PERIOD FROM 1902 TO 1912*

Country	1902	1912	Increase 1902 to 1912	
			Amount	Percent
United States:				
Total imports	\$969,316,870	\$1,818,073,055	\$848,756,185	87.56
Manufactured products	415,169,956	724,335,583	309,165,627	74.47
United Kingdom:				
Total imports	2,597,599,803	3,668,029,653	1,070,429,850	41.21
Manufactured products	649,142,907	902,574,348	253,431,441	39.04
Germany:				
Total imports	1,340,178,000	2,544,458,000	1,204,280,000	89.86
Manufactured products	262,514,000	498,610,000	236,096,000	89.94
France:				
Total imports	848,042,000	1,588,544,400	740,502,400	87.32
Manufactured products	149,980,300	311,540,600	161,560,300	107.72

* "Foreign Commerce and the Tariff, 1899-1915," p. 74. The classification by the four countries is not exactly the same, some commodities classed as manufactured products by one country being grouped by another as raw materials. *Ibid.*, p. 73, where imports for each year 1900 to 1912 inclusive are shown by countries.

on earth, and without doubt much of its gain during the war period will be retained. During this period many American manufacturers who previously had no intention or desire to go into foreign trade, have built up a profitable business in the four quarters of the globe. They have lost their timidity about venturing out, have advertised in foreign countries, have sent salesmen to distant lands, have manufactured goods to suit the special needs of people living in different climes, have learned how to pack goods securely, have met varying credit requirements, and in short, have learned the methods of getting and filling orders and building up a profitable trade the world around.

While Table V shows that the exports of Germany were increasing faster than those of the United Kingdom or of France, yet

TABLE V

AMOUNT AND PER CENT OF INCREASE OF TOTAL EXPORTS AND EXPORTS OF MANUFACTURED PRODUCTS OF THE UNITED STATES, UNITED KINGDOM, GERMANY, AND FRANCE DURING THE 10-YEAR PERIOD FROM 1902 TO 1912*

Country	1902	1912	Increase 1902 to 1912	
			Amount	Percent
United States:				
Total domestic exports.....	\$1,333,268,491	\$2,362,696,056	\$1,029,427,565	77.21
Manufactured products.....	464,415,450	1,117,665,614	653,250,164	140.66
United Kingdom:				
Total domestic exports.....	1,379,282,731	2,371,072,866	991,790,135	71.91
Manufactured products.....	1,103,853,780	1,873,740,295	769,886,515	69.75
Germany:				
Total domestic exports.....	1,113,364,000	2,131,766,000	1,018,402,000	91.47
Manufactured products.....	735,182,000	1,430,142,000	694,960,000	94.53
France:				
Total domestic exports.....	820,674,600	1,295,531,800	474,857,200	57.86
Manufactured products.....	458,297,800	756,154,700	297,856,900	64.99

*"Foreign Commerce and the Tariff, 1899-1915," p. 75, where exports for each year 1900 to 1912 are shown by countries.

with her loss of the war, Germany has lost her foreign trade organization. Under the restrictions imposed on her by the Peace Conference, especially those depriving her of adjacent territory and colonies (which deprives her of raw materials), especially also the heavy indemnities to be paid by her, it is not to be expected that during the first years, perhaps many years, of peace her industrial system can be restored or her foreign trade reestablished on the basis of anything like its former extent or degree of prosperity.

Germany has one product that America needs—potash. Her manufactured products exported to America consisted largely of drugs, dyes, hosiery, toys, laboratory ware and optical glass,

but domestic manufacture of these commodities has greatly increased during the last four years, and for them the United States will not hereafter be dependent on any other country.

It seems probable that the United Kingdom will be the great commercial rival of the United States in the future, as (see Table V) it really has been in the past in volume of manufactured exports and total exports.

THE FUTURE

But encouraged, elated even, by recent successes in foreign fields, American manufacturers will make a vigorous effort to hold much of the new trade abroad that has been gained during the last four years, and even to extend business to regions where our commerce has heretofore not reached. Those sections of Russia that are overrun with Bolshevism, and any other sections that may be similarly affected, will of course be avoided until stable governments are established. In promoting foreign commerce American manufacturers will receive invaluable aid from the Bureau of Foreign and Domestic Commerce, whose commercial attachés are stationed in the leading countries, and whose trade commissioners visit all parts of the world to observe and report trade opportunities open to Americans. For prosecuting this work of fostering foreign trade, which has heretofore yielded rich results, Secretary Redfield asks for considerably larger appropriations.

The Bureau of Foreign and Domestic Commerce publishes a daily called *Commerce Reports*, to which anyone may subscribe. It contains reports and letters from representatives of the bureau in foreign countries and from American consuls throughout the world. It will give American manufacturers and exporters information of the greatest value as to industrial and trade conditions in all countries, valuable especially because of the rapid changes that will now occur. Under the provisions of the Federal Reserve Act, seventy-five branches of American banks have been established abroad, and doubtless many more will be established, which will give Americans in foreign trade the benefits of banking facilities and credit reporting agencies that they have not heretofore enjoyed.

Under the provisions of the Webb Act, which relieve export associations from provisions of the Sherman Act intended to

prevent monopolies, about sixty associations have been formed, and these with others which may be organized will probably cover manufacturers in all important lines of goods exported. They will give to Americans, so far as selling to foreigners is concerned, the advantages that Germans have enjoyed under their cartel system. The United States now has, or very soon will have, the ship tonnage needed for carrying its goods to the marts of the world, without dependence on bottoms sailing under foreign flags as has been our humiliating position since the Civil War.

It is gratifying to note that our exports during December, 1918, and January, 1919, were very much larger, in quantities as well as values, than they were during the corresponding months of 1913 and 1914. The rivals of the United States in international commerce will not for some time be in a financial condition to extend the long credits which they gave to overseas customers before the war began. Financial assistance to American exporters will be furnished by the War Finance Corporation, which was established by Congress, in 1918, with an authorized capital stock of \$500,000,000, all to be subscribed by the government, and with the right to borrow up to six times the amount of the paid up stock issue. Early in April this corporation issued bonds to the amount of \$200,000,000, which were subscribed for immediately. These bonds are payable in one year, with 5 per cent interest. The corporation will make loans to exporters up to \$50,000,000 for a maximum of five years. Adequate collateral will be required to equal at least 125 per cent of the loan, and probably trade acceptances or other paper representing merchandise will be acceptable.

American enterprise has been intensified by the reënergized work done during the war. The commercial vision of Americans has been greatly broadened during the last five years. In 1914 the United States was exceeded in exports by only one nation, to which, in fact, it was almost equal. If the volume of export trade held in that year is retained with the addition of only a fraction of the subsequent increment, and if the rate of expansion is even as much as the rate before the war, our country will secure for itself undisputed leadership among the commercial nations of the world.